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June 3, 1957

FOR IMMEDIATE RELEASE

Current methods of farm surplus disposal may harm relations between the United States and her friendly allies, according to Arch. C. Callaway, assistant professor of economics at Montana State University. High and rigid price supports for farm products work against a system of free international trade, he contends.

Writing in the latest issue of the University publication "Montana Business," Callaway advocates following the principle of "aid to self-help" in disposing of farm surpluses.

Farm surpluses built up by subsidies to farmers and held by the Commodity Credit Corp. are being exported through "special" programs, arranged mainly through the Dept. of State, Callaway says. Over 40 per cent of our agricultural exports are sold for foreign currencies, bartered for strategic materials, or donated. Most of these exports are sold at less than the original cost to the C.C.C., frequently at less than the world market price.

The governments of countries whose producers normally compete with the United States on foreign markets are protesting these trade practices, the MSU economist says. Countries that have been adversely affected by our present methods of surplus disposal include Canada, the Netherlands, and other major exporters. Denmark, New Zealand, and Australia have protested U. S. dumping of dairy products on world markets which has been instrumental in causing a fall of butter and cheese prices, he pointed out.

The United States has had to resort to the use of tariffs, quotas, and embargoes on the import of many foreign farm products to keep foreign suppliers from underselling the American farmer on the American market, he adds.

(more)

United States surpluses can be used in certain underdeveloped areas, and to some extent are being used, as a real investment in the future welfare and prosperity of the receiving country, Callaway says. In addition to this kind of "aid to self-help," he suggests the establishment of national and regional food reserves to meet emergency shortages.

"The best contribution from a long run viewpoint is the continuance or even expansion of the U. S. technical assistance programs either directly or through the United Nations," he continues.

Callaway favors programs stretching over a period of years, coordination of policy within the executive branch of the government, and consistency of action within the legislative branch.

In the meantime, it is imperative that the United States recognize that foreign competing countries are genuinely concerned lest present farm export subsidy programs turn into permanent measures, he concludes.

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